

## Message Text

CONFIDENTIAL

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04  
NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02  
L-03 /048 W

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P 050047Z AUG 77

FM AMEMBASSY MEXICO  
TO SECSTATE WASHDC PRIORITY 4030  
INFO TREASURY WASHDC

C O N F I D E N T I A L MEXICO 13028

E.O. 11652:N/A  
TAGS: ELAB, MX  
SUBJECT: JLP FRFES UNION FROM 10 CEILING ON WAGE  
INCREASES

REF: MEXICO 12595, MEXICO 11003

1. SUMMARY. PRESIDENT IN WIDELY PUBLICIZED STATEMENT  
FREED UNIONS FROM 10 CEILING ON WAGE INCREASES. HIS MOVE  
APPARENTLY RECOGNIZES INABILITY TO HOLD UNIONS ON THIS  
ISSUE. LABOR LEADER SAID THERE WILL NOT BE A GENERAL WAGE  
INCREASE DEMAND. DOLLAR REPORTEDLY IN HEAVY DEMAND. END  
SUMMARY.

2. IN A WIDELY PUBLICIZED STATEMENT TO MEMBERS OF THE  
CONGRESS OF LABOR THE PRESIDENT SAID HE WAS FREEING UNIONS  
FROM ANY OBLIGATION TO HOLD WAGE INCREASES AT 10 OR LESS.  
PRESIDENT ALSO LAUDED LABOR FOR ITS SUPPORT AND CRITICIZED  
BUSINESS. PRESIDENT CRITICIZED "OTHER FACTORS OF PRODUC-  
TION" WHO TAKE ADVANTAGE OF A SUPPOSED "LIBERTY" TO TAKE  
THEIR RICHES OUT OF THE COUNTRY, SAYING THE STATE COULD  
NOT PERMIT THIS BECAUSE IT WOULD BE FAILING TO FULFILL  
ITS RESPONSIBILITY OF WATCHING FOR JUSTICE AND THE "TRUE  
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LIBERTY".

3. NAPOLEON GOMEZ SADA, PRESIDENT OF THE CONGRESS OF  
LABOR DISCOUNTED THE POSSIBILITY OF A GENERAL WAGE  
INCREASE AND SAID THAT SALARY DEMANDS WOULD BE CONSISTENT  
WITH THE ECONOMIC SITUATION OF COMPANIES.

4. ACCORDING TO A PRESIDENTIAL ADVISOR, JLP'S STATEMENT WAS MERELY A RECOGNITION THAT HE COULD NO LONGER ENFORCE THE 10 CEILING AND THAT IT WAS PREFERABLE TO GIVE IN GRACEFULLY RATHER THAN SUFFER A PUBLIC DEFEAT AT SOME POINT. AS OUR PREVIOUS REPORTS INDICATED (SEE REFTELS) LABOR HAD ALREADY BACKED OFF THE 10 WAGE INCREASE CEILING. THESE MEASURES DID NOT RECEIVE THE PUBLICITY GIVEN THE PRESIDENT'S STATEMENT WHICH COULD IMPACT ON THE CONFIDENCE FACTOR. A STOCKBROKER TOLD FINATT THAT THE DOLLAR WAS IN HEAVY DEMAND TODAY THOUGH THE RATE DID NOT CHANGE. THE PRESIDENT'S REMARKS TO THE EFFECT THAT THE GOVERNMENT SHOULD NOT PERMIT THE REMOVAL OF RICHES IS BEING INTERPRETED BY SOME LOCAL BANKERS AND BROKERS AS A VEILED THREAT OF EXCHANGE CONTROLS THOUGH THEY AND WE DO NOT BELIEVE THESE ARE A POSSIBILITY.

5. WE BELIEVE THE PRESIDENT'S REMARKS SHOULD BE INTERPRETED IN LIGHT OF HIS AUDIENCE. ALSO, WE DO NOT ANTICIPATE ANY WAGE SETTLEMENTS MUCH ABOVE 10. NEXT MAJOR TEST OF GOM'S WAGE POLICY WILL BE BY GOVERNMENT WORKERS WHO INTEND TO SUBMIT THEIR REQUEST THIS MONTH. GOM IS LIKELY TO CONTINUE TO EXERT PRESSURE IN THIS AREA. IT SHOULD BE NOTED THAT THE GOM HAS NOT ALWAYS HAD THE SUPPORT OF BUSINESS IN ITS WAGE POLICY. IN SEVERAL INSTANCES, MANAGEMENT HAS BEEN WILLING TO SETTLE AT LEVELS ABOVE 10, BUT WAS PREVENTED FROM DOING SO BY THE GOVERNMENT. LUCEY  
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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Errors:** N/A  
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**Reference:** 77 MEXICO 12595, 77 MEXICO 11003  
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**Review Release Event:** n/a  
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**TAGS:** ELAB, MX, (LOPEZ PORTILLO Y PACHECO, JOSE)  
**To:** STATE  
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**Review Markings:**  
Margaret P. Grafeld  
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